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BofA Spends \$20B to Go Green

Cleantech industry says Bank of America's move is a big step into the mainstream.

By Jennifer Kho

Bank of America said it will plunk down a cool \$20 billion to finance green business activities over the next decade.

Cleantech industry watchers said the news, announced late Tuesday, represents a major stride into the mainstream.

"This is a signal that we're seeing a mainstreaming of what was considered a little outlying voice just a few years ago," said Robert Wilder, chief executive of WilderShares, which manages three energy indices.

"One of the biggest banks giving extra consideration to products or projects that are lower-carbon is one of the greatest things we could see happen," he added. "And putting \$20 billion on the line—not chump change—shows they truly believe in their marrow that they can make money by being green."

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The initiative is significant because it could help clean technologies overcome a significant barrier: Even if a technology can bring buyers a return on their investment, they need to be able to finance the initial costs.

Getting a loan for solar projects is still fairly unusual, so most banks aren't prepared to offer low-interest loans for those projects, Mr. Wilder said.

"If it's not in their book, sometimes they will say no or offer a higher rate," he said. "Now this bank is predisposing itself to say, 'Solar? We can do that.' It's not sexy, but these are real-world rubber-meets-the-road issues. Mundane details like the inability to get a loan can kill a project."

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